

same quality of the article) at the same time and in the same open market. Nor must it be forgotten—as is frequently done in discussions on exchanges—that every producer is concurrently a consumer, so that although a seller of any commodity (at a period of low prices) realises less profit—that is to say, he has less money left in hand after deducting from the price obtained all the charges he has incurred in the production of the article—he benefits as a consumer in its diminished cost. Since no definite understanding or reasoning can proceed unless the terms employed be precise in their meaning and consistently retained to that single sense, I repeat briefly what has already been stated respecting the term money.

Money in this country is gold, and serves the double duty of measuring the value of goods against each other, and acting also as the substitute or medium of exchange, instead of the actual and direct exchange of the goods themselves. Considering, however, the loss that would ensue by abrasion of coins from friction and constant use were they physically transferred from hand to hand, the place of gold is taken, in exchanging, by paper money—notes, cheques, and bills of exchange—which are simply evidences of indebtedness, and depend for their validity upon the acceptor's feeling of certainty that they "will be readily converted into the real money which they profess to represent. Hence credit, or confidence in the character and solvency of the givers of these documents, constitutes the foundation of their acceptance. A failure of credit or trust implies an objection to receive these substituted cheques and bills, and leads to the exaction more extensively of bank notes in the settlement of obligations, since their discharge in gold is securely protected by the bullion reserve in the Bank of England.

The element of credit in extending or restricting the range of transactions in business cannot be too decisively impressed upon the reader; and the apprehension of its meaning and action is simple. A tradesman gives credit to his customer in delivering goods without

immediate payment, because, from previous dealings with him, and his general reputation, the trader is assured that his character and solvency are guarantees